

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

03-03-08
04:59 PM

Order Instituting Rulemaking to establish the
California Institute for Climate Solutions.

R.07-09-008

**SOUTHERN CALIFORNIA GENERATION COALITION
COMMENT ON PROPOSED DECISION
REGARDING FUNDING FOR THE
CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS**

Norman A. Pedersen
HANNA AND MORTON LLP
444 South Flower Street, Suite 1500
Los Angeles, California 90071-2916
Telephone: (213) 430-2510
Facsimile: (213) 623-3379
E-mail: npedersen@hanmor.com

Attorney for the **SOUTHERN CALIFORNIA
GENERATION COALITION**

Dated: March 3, 2008

300216001nap03030801

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to establish the
California Institute for Climate Solutions.

R.07-09-008

**SOUTHERN CALIFORNIA GENERATION COALITION
COMMENT ON PROPOSED DECISION
REGARDING FUNDING FOR THE
CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS**

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC”), the Southern California Generation Coalition (“SCGC”) respectfully submits this comment on the Proposed Decision (“PD”) of Commissioner Peevey mailed on February 11, 2008 in the captioned proceeding.

The PD addresses an important issue that was explicitly raised in the September 20, 2007 Order Instituting Rulemaking (“OIR”) to establish the California Institute for Climate Solutions (“CICS”): whether gas-fired electricity generators should be required to bear CICS costs that are allocated for recovery from gas utility customers. The PD finds that gas-fired electricity generators should be exempt from bearing CICS costs. Finding of Fact 8 states: “[To] avoid any duplication, gas-fired electricity generators are explicitly exempt from assessment for gas CICS costs for gas purchases.” PD at 53. Likewise, Conclusion of Law 3 states: “To avoid any duplication, gas-fired electricity generators are explicitly exempt from assessment for gas CICS costs for gas purchases.” PD at 59. Ordering Paragraph 4 directs: “The California investor-owned electric and gas utilities shall collect the \$60 million per year, for the ten years authorized by this decision, from all electric and gas ratepayers, *exempting gas-fired electricity generators from the*

gas charge, and consistent with funding restrictions imposed by Assembly Bill 1X.” PD at 63 (emphasis added).

For the reasons set forth in SCGC’s November 2, 2007 Comment in this proceeding, SCGC strongly supports the determination that gas-fired electricity generators shall be exempt from bearing gas CICS charges.

SCGC notes, however, that in the PD’s discussion of whether electricity generators should be exempt from bearing CICS costs, there is a passage that suggests that the exemption should only apply to the generation of electricity that is supplied to investor-owned utility (“IOU”) customers: “We find that double-charging electricity consumers is an inequitable outcome and so gas used for electricity generation *supplied to IOU customers* should be exempted.” PD at 20 (emphasis added). This passage from the body of the PD appears to be inconsistent with the Findings of Fact, Conclusions of Law, and Ordering Paragraphs which clearly indicate that all electricity generators should be exempt from bearing CICS costs.

The suggestion that the exemption should apply only to the generation of electricity that is supplied to IOU customers is unworkable. Often the point of ultimate consumption is unknown when electricity is generated. For example, if electricity were generated for sale into the California Independent System Operator (“CAISO”) day-ahead or real-time market as contemplated under the CAISO Market Reform and Technology Update, it would be unknown whether the generated electricity would ultimately flow to IOU retail customers or publicly-owned utility (“POU”) retail customers. Thus, SCGC recommends that the inconsistency between the passage that appears in the body of the PD and the passages in the Findings of Fact, Conclusions of Law, and Ordering Paragraphs be remedied by eliminating the words “supplied to IOU customers” from the passage at page 20 of the PD.

For the reasons set forth above, SCGC urges the Commission to adopt Finding of Fact 8, Conclusion of Law 3, and Ordering Paragraph 4 but to modify the passage at page 20 of the PD to delete the words “supplied to IOU customers”.

Respectfully submitted,

/s/ Norman A. Pedersen

Norman A. Pedersen
HANNA AND MORTON LLP
444 South Flower Street, Suite 1500
Los Angeles, California 90071-2916
Telephone: (213) 430-2510
Facsimile: (213) 623-3379
E-mail: npedersen@hanmor.com

Dated: March 3, 2008

Attorney for the **SOUTHERN CALIFORNIA
GENERATION COALITION**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **SOUTHERN CALIFORNIA GENERATION COALITION COMMENT ON PROPOSED DECISION REGARDNG FUNDING FOR THE CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS** on the service list for R.07-09-008 by serving a copy to each party by electronic mail, or by mailing a properly addressed copy by first-class mail with postage prepaid to each party unable to accept service by electronic mail.

Executed on March 3, 2007, at Los Angeles, California.

/s/ Sylvia Cantos

Sylvia Cantos

R.07-09-008 SERVICE LIST

donaldgilligan@comcast.net
chilen@sppc.com
npedersen@hanmor.com
rwhall@usc.edu
eambos@calstate.edu
dave.rutledge@caltech.edu
douglass@energyattorney.com
amber.dean@sce.com
case.admin@sce.com
howard.gollay@sce.com
laura.genao@sce.com
atrial@sempra.com
khassan@sempra.com
hackwood@ccst.us
thunt@cecmail.org
bfinkelstein@turn.org
map@cpuc.ca.gov
dwang@nrdc.org
ek@a-klaw.com
bcragg@goodinmacbride.com
irene@igc.org
mpa@a-klaw.com
cjlw5@pge.com
Jim.sweeney@stanford.edu
aarvin@stanford.edu
lhorton@stanford.edu
lex@consumercal.org
phansch@mofo.com
lloyd.lee@ucop.edu
samuelk@greenlining.org
thaliag@greenlining.org
elvine@lbl.gov
fteng@svlg.net
Audra.Hartmann@Dynergy.com
vwelch@environmentaldefense.org
rliebert@cfbf.com
atrowbridge@daycartermurphy.com
Ryan.Flynn@pacificorp.com
keith.mccrea@sablaw.com
Cynthia.A.Fonner@constellation.com
ghinners@reliant.com
ghinners@reliant.com
bmcquown@reliant.com
emello@sppc.com
Leilani.johnson@ladwp.com
robert.pettinato@ladwp.com
dakinports@semprautilities.com
rprince@semprautilities.com
asteel@hanmor.com
mabernst@usc.edu
eklinkner@ci.pasadena.ca.us
rzhang@cityofpasadena.net
sendo@ci.pasadena.ca.us
hdaily@caltech.edu
slins@ci.glendale.ca.us
bjeider@ci.burbank.ca.us
rmorillo@ci.burbank.ca.us
mike.montoya@sce.com
liddell@energyattorney.com
ygross@sempraglobal.com
kmkiener@cox.net
dniehaus@semprautilities.com
jmgarber@iid.com
mecampbell@iid.com
gdehart@anaheim.net
ssciortino@anaheim.net
Diane_Fellman@fpl.com
achang@nrdc.org
filings@a-klaw.com
lfletcher@nrdc.org
nes@a-klaw.com
scarter@nrdc.org
brbc@pge.com
smaccormac@mofo.com
tmfry@nexant.com
vjw3@pge.com
bill.chen@constellation.com
AWK@flk.com
jscancarelli@flk.com
jwiedman@goodinmacbride.com
mmattes@nossaman.com
alho@pge.com
ELL5@pge.com
KEBD@pge.com
MEAE@pge.com
sscb@pge.com
SEHC@pge.com
wbooth@booth-law.com
Ellen.Auriti@ucop.edu
jody_london_consulting@earthlink.net
mrw@mrwassoc.com
cchen@ucsusa.org
jesser@greenlining.org
robertg@greenlining.org
mwbeck@lbl.gov
knotsund@berkeley.edu
lynn@lmaconsulting.com
bmcc@mccarthy-law.com
sberlin@mccarthy-law.com
jweil@aglet.org

abb@eslawfirm.com
eemblem@3EIntinc.net
sfischer@arb.ca.gov
mclaughlin@braunlegal.com
creheis@wspa.org
jonathan.changus@asm.ca.gov
dkk@eslawfirm.com
edward.randolph@asm.ca.gov
jluckhardt@downeybrand.com
jdh@eslawfirm.com
mgarcia@arb.ca.gov
Vvillalo@usc.edu
www@eslawfirm.com
lmh@eslawfirm.com
egw@a-klaw.com
californiadockets@pacificorp.com
kyle.l.davis@pacificorp.com
blm@cpuc.ca.gov
cab@cpuc.ca.gov
tam@cpuc.ca.gov
fjs@cpuc.ca.gov
jm3@cpuc.ca.gov
jjj@cpuc.ca.gov
sco@cpuc.ca.gov
sgm@cpuc.ca.gov
claufenb@energy.state.ca.us